

Minnesota's 2023 Climate Budget

02/01/23



Climate Change Subcabinet

Governor

Climate Change Subcabinet

Advisory Council
on Climate Change

Pollution Control Agency	Department of Commerce	Department of Labor and Industry	Department of Management and Budget	Department of Employment and Economic Development
Department of Agriculture	Department of Public Safety	Department of Natural Resources	Department of Health	Department of Transportation
Board of Water and Soil Resources	Department of Administration	Metropolitan Council	Environmental Quality Board	Minnesota Housing Finance Agency

Vision: Climate Action Framework



Carbon-neutral

By 2050, Minnesota substantially reduces greenhouse gas (GHG) emissions and balances any GHG emissions with carbon storage, especially in our landscapes.



Resilient

Minnesota communities, businesses, and the natural environment can prepare, respond to, and recover from the impacts of climate change so all Minnesotans can thrive in the face of these challenges.



Equitable

Minnesotans acknowledge and address inequitable and inaccessible systems that contribute to some communities experiencing disproportionate climate change impacts; ensure fair distribution of the costs and benefits of action now and to future generations; and ensure meaningful participation in planning.

Framework goal areas

Organizing our work



Clean
transportation



Clean energy and
efficient buildings



Climate-smart natural
and working lands



Healthy lives and
communities



Resilient
communities



Clean
economy

Climate Package fiscal summary

- 11 of 15 subcabinet agencies submitted budget proposals
- Supports all goals in the Climate Action Framework
- Targeted approach towards reducing GHG emissions and increasing carbon storage

AGENCY	FY24-25
MDA	\$19.8 million
MDH	\$34.158 million
DLI	\$3.715 million
BWSR	\$97.26 million
DEED	\$10 million
MPCA	\$212.96 million
DNR	\$46.8 million
Commerce	\$231.698 million
ADMIN	\$2.4 million
MnDOT	\$11.4 million
Met Council	\$46.2 million
General Fund Total	\$716.091 million

Clean transportation

MEASURES OF PROGRESS

- Reduce GHG emissions from the transportation sector 80% by 2040
- Decrease vehicle miles traveled (VMT) 20% per capita by 2050
- Reach 20% electric vehicles (EVs) on Minnesota roads by 2030

Proposal Name	Lead Agency	FY24-25 Funding
Maximize Federal Transportation Climate Funding	MnDOT	\$4 million
IJA Match/Bus Electrification	Met Council	\$29.2 million
Electric Vehicle Charging Infrastructure	DLI	\$163,000
Creating New Pilot-Scale Sustainable Aviation Fuels Production Program, Goals, and Funding	MnDOT	\$7.4 million

MnDOT: Maximize Federal Transportation Climate Funding



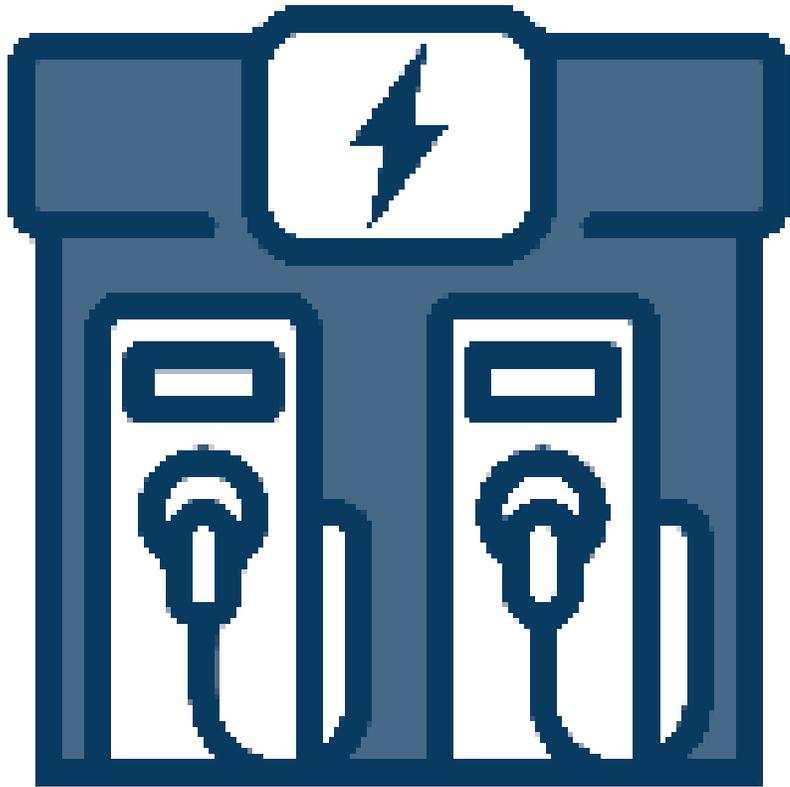
- Leverage federal funding for climate-related programs from IIJA to reduce carbon pollution, improve resilience, and support electric vehicle charging
- \$2 million base general fund increase
- External stakeholders advise the agency and provide recommendations
 - Sustainable Transportation Advisory Council working group
 - Climate and Resilience Workgroup

Metropolitan Council: Developing a Clean Transportation System



- Purchase up to 30 battery electric buses with charging infrastructure
- Leverage competitive IJA federal funds
- Exceed goal of at least 20 percent of bus replacements be zero emission by 2027
- \$29.2 million in one-time, general fund dollars
- Clean transportation
 - Connect all people through a safe, equitable, and sustainable transportation system

DLI: Electric Vehicle Charging Infrastructure



- Add EV charging infrastructure requirements to the State Building Code
- \$163,000 FY24 Construction Code Fund
- Clean Transportation Initiative 1.2: Expand EV charging infrastructure and accelerate the transition to EVs and clean transportation

Climate-smart natural & working lands

MEASURES OF PROGRESS

- By 2035, increase by 25% the amount of carbon sequestered and stored annually in natural and working lands, compared to 2014-2018 average levels
- By 2035, reduce annual GHG emissions in the working lands sector by 25% from 2018 levels
- By 2030, all state-funded or sponsored land, water, and species management plans identify actions to increase adaptation

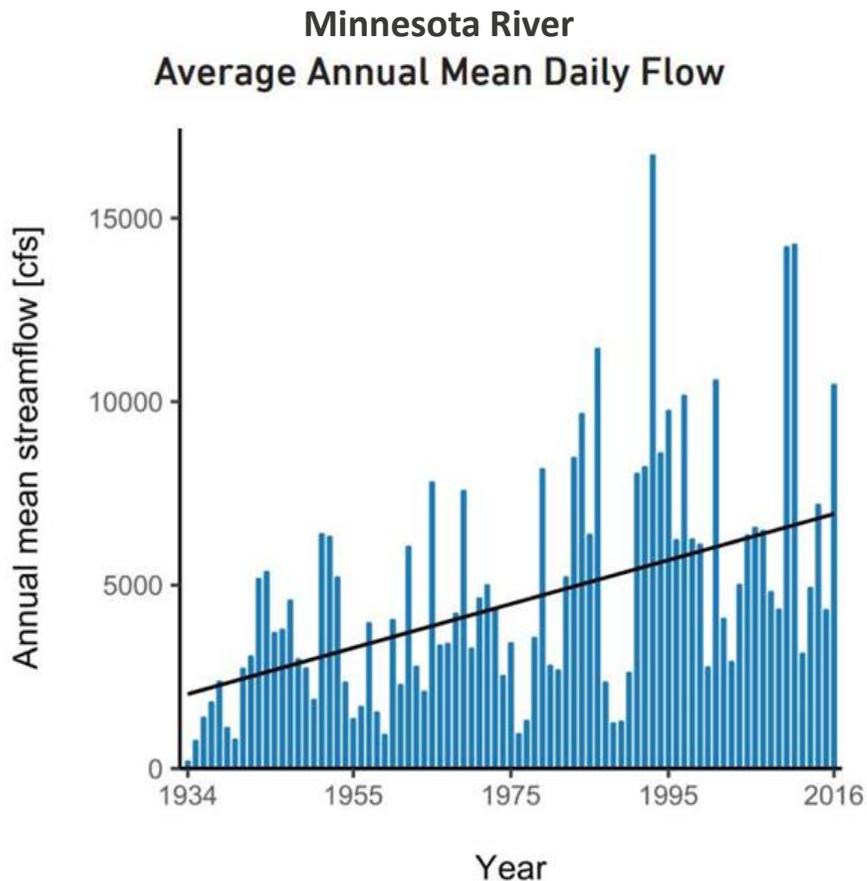
Proposal Name	Lead Agency	FY24-25 Funding	Proposal Name	Lead Agency	FY24-25 Funding
Soil Health Program	BWSR	\$27.16 million	Restoring Streams and Modernizing Water-Related Infrastructure	DNR	\$15 million
Habitat Enhanced Landscape Programs	BWSR	\$9 million		DNR	\$15.2 million
Enhancement to RIM Easements	BWSR	\$7.1 million	Soil Health Equipment Grants	MDA	\$4 million
Grasslands easement	BWSR	\$22 million	Biofuels Infrastructure Investment	MDA	\$3 million
Peatland Easements	BWSR	\$15 million	Bioincentive Program Increased Funding	MDA	\$5 million
Water Storage	BWSR	\$17 million	Climate Implementation Coordinator Position	MDA	\$300,000
Enhancing Grasslands and Restoring Wetlands on WMAs for Carbon Capture and Resilience	DNR	\$10 million	Clean Water Legacy -- Conservation Equipment	MDA	\$3.5 million
Private Forest Landowner Technical Assistance, Cost Share, and Inventory	DNR	\$4.2 million	AgBMP Revolving Loan Program Increase	MDA	\$4 million
Protect Carbon Storage in State-Administered Peatlands	DNR	\$1.6 million	Accelerated Tree Seed Collection	DNR	\$800,000

BWSR: Soil Health Program



- Establishes a voluntary and locally-driven Soil Health Practices Program
- \$27.16 million FY24-25 from General Fund
- Mitigates climate change impacts through carbon sequestration

BWSR: Accelerated Water Storage Program



- Adapt to changing climate
- Acquire, design, and construct projects to control water volume and rate
- Voluntary and locally-led



DNR: Climate Adaptation and Mitigation in Natural and Working Lands (\$46.8M)



- Enhancing Grasslands and Restoring Wetlands (\$10M)
- Private Forest Landowner Assistance (\$4.2M)
- Enhancing Community Forests (ReLeaf) (\$15.2M)
- Accelerated Tree Seed Collection (\$800,000)
- Restoring Streams and Modernizing Water-related Infrastructure (\$15M)
- Protecting and Restoring Carbon Storage in State Administered Peatlands (\$1.6M)

MDA: Biofuels Infrastructure Investment



- This proposal funds grants to help service stations upgrade their equipment to sell blends of gasoline containing 15% or more of ethanol
- \$1.5 million per year ongoing from the General Fund
- Motor fuel blends with ethanol burn cleaner than traditional fossil fuels and move us toward a cleaner transportation system

Resilient communities

MEASURES OF PROGRESS

- By 2030, 100% of Minnesotans live in communities with plans that identify climate risks and actions to build resiliency
- By 2026, at least 25 adaptation projects that increase community resiliency are fully funded
- Achieve 30% overall tree canopy cover in Minnesota communities by 2030 and 40% by 2050

Proposal Name	Lead Agency	FY24-25 Funding
Resilient Communities Grants and Technical Assistance	MPCA	\$173.88 million
GreenStep Cities	MPCA	\$380,000
Climate Resources for Environmental Review	MPCA	\$320,000
Climate Pathways Analysis	MPCA	\$500,000
Waste Prevention and Reductions Grants and Loans	MPCA	\$33.88 million
Technical Assistance Contractor for Tribal Governments	MPCA	\$4 million
MICRRO (Mapping Infrastructure Climate Risk and Resiliency Opportunities)	Met Council	\$5 million
Strengthen MN Homes	Commerce	\$32.478 million
Strengthening Public Drinking Water Systems' Infrastructure	MDH	\$16.31 million
Enhancing Community Forests Through the Minnesota ReLeaf Program	DNR	\$15.196 million

MPCA: Resilient Communities Grants



- Expands an existing grant program to support the planning and implementation of climate-smart infrastructure updates to prevent flooding and other impacts
- \$173.88 million in FY24-25 from General Fund
- Will prepare communities across Minnesota for the impacts of climate changes

MPCA: GreenStep Cities



- Provides additional technical assistance and support to build in climate resiliency and expand a successful program
- \$190,000 in FY2024 and each year thereafter
- Free to cities and encourages participating communities to become more environmentally friendly by implementing best practices

MPCA: Recycling & Composting Grants & Loans



- Provides an infusion of money for local county efforts to improve prevention, reuse, and recycling activities.
- This will help counties meet county waste management goals
- \$33.88 million in FY24-25 from General Fund

Metropolitan Council: Mapping Infrastructure Climate Risk and Resiliency Opportunities



- A web-based planning tool for metro area communities and watersheds to protect local infrastructure from the adverse effects of extreme weather events and climate change
- \$5 million general fund appropriation
- Resilient communities
 - Provide needed technical assistance, tools, maps, and data

Commerce: Strengthen Minnesota Homes



- Will help Minnesotans be more resilient to our changing climate by providing grants to protect homes against extreme weather events
- Modeled after successful programs in other states, this proposal will save Minnesotans money on homeowner insurance premiums and prevent damage from the increasing number of storms and extreme weather
- \$32,478 in FY24-25 and \$1.23 million ongoing starting in FY2026

MDH: Strengthen Minnesota's drinking water infrastructure



- Build infrastructure redundancy, improve water safety, and protect sources of drinking water
 - Emergency power supplies
 - Back-up wells
 - Cybersecurity
 - Solar fields in Drinking Water Supply Management areas
- \$16.31 million in FY24-25 from General Fund

Clean energy & efficient buildings

MEASURES OF PROGRESS

- By 2040, all of Minnesota’s electricity is carbon-free
- By 2030, weatherize a quarter of dwellings where occupants earn 50% or less of the state median income
- By 2035, reduce GHG emissions from existing buildings by 50% compared to 2005 levels
- By 2030, reduce thermal GHG emissions by at least 20%, compared to 2005 levels
- By 2030, reduce energy use by 10% and total waste heat and waste electricity by 15%, compared to 2005 levels
- By 2030, reduce the energy burden so at least 80% of Minnesotans spend less than 5% of their household income on energy costs

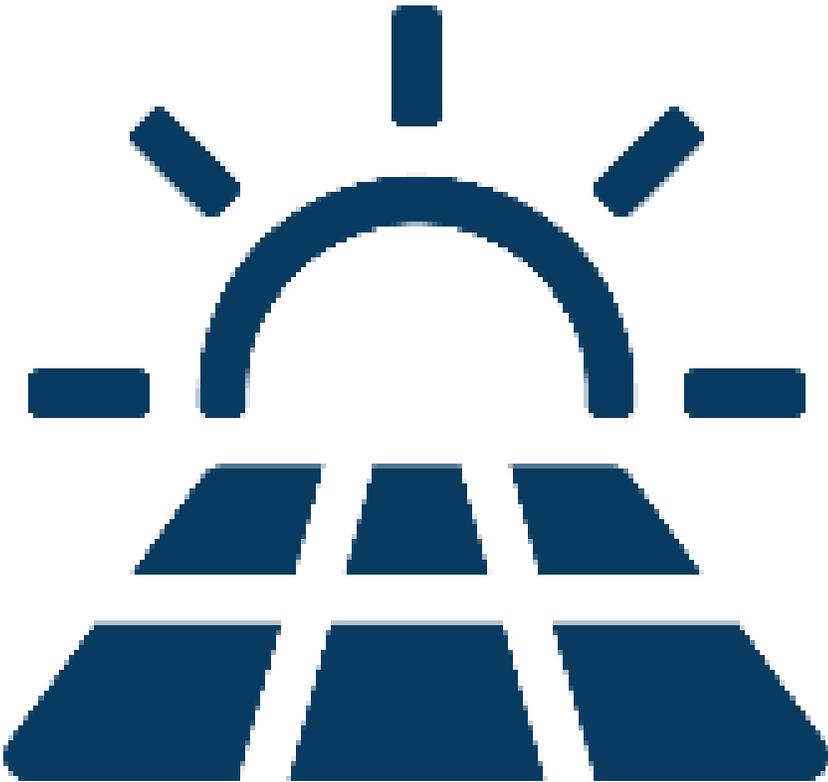
Proposal Name	Lead Agency	FY24-25 Funding
State Competitiveness Energy Fund	Commerce	\$113.75 million
Grid Reliability Assessment	Commerce	\$0
Commercial Energy Code Improvements	DLI	\$146,000
Existing Buildings Energy Efficiency	DLI	\$406,000
Solar for Schools	Commerce	\$61.5 million
Enterprise Sustainability Staffing	Admin	\$1.2 million

Commerce: Grid Reliability Assessment



- Removes sunset in Minn. Stat. §216B.62, subd. 3b and restores assessment amount to historic level
- This will fund staffing and efforts around long-range transmission planning
- Up to \$1 million SRF (Assessment on Utilities)

DLI: Commercial Energy Code Improvements



- Adopt commercial energy codes that ensure all new commercial and large multi-family buildings are net-zero by 2036
- \$146,000 every three years Construction Code Fund
- Clean Energy and Efficient Buildings Priority Action: Improve codes and standards for all new commercial and large multi-family buildings

Commerce: Solar For Schools



- Expands the Solar for Schools program to provide the opportunity for solar power to be added at every school in Greater Minnesota outside of Xcel Energy service territory
- \$61.5 million (one-time) FY24 from the General Fund

Admin: Enterprise Sustainability Staffing



- \$1.2 million in FY24 and ongoing
- Resources for staff to support sustainability work at agencies with the most opportunity for improvements

Healthy lives & communities

MEASURES OF PROGRESS

- By 2030, reduce the age-adjusted rate of heat-related ER visits to 10 per 100,000
- By 2025, ensure at least 40% of the benefits of certain state and federal climate investments are in disadvantaged communities
- Increase the diversity of state agencies' leadership to reflect the state's changing demographics

Proposal Name	Lead Agency	FY24-25 Funding
Climate Resiliency	MDH	\$17.848 million
Modernizing Regional Parks and Trails	MetCouncil	\$12 million
State Competitiveness Energy Fund	Commerce	\$113.75 million

Metropolitan Council: Modernizing Twin Cities' Regional Parks and Trails



- Meet the recreational needs for current and future generations
 - Renew facilities and habitats impacted by increasing climate-related events and growing usage
 - Increase accessibility for people who have a disability
 - Create up to date, modern features
- \$12 million one-time state appropriation matched with Met Council funds
- Climate-smart natural and working lands and resilient communities
 - Resilient landscapes and ecosystems

MDH: Fortify public health resilience



- Implement, strengthen, evaluate, and track public health resiliency efforts
 - Proactive funding
 - Technical assistance
- \$18 million in FY24-25 from General Fund

Clean economy

MEASURES OF PROGRESS

- Increase jobs in all sectors of the clean economy, including new and emerging sectors (land management, transportation, long-lived wood products, etc.)
- Increase the # of apprentices in the construction trades' registered apprenticeship programs & the % of BIPOC & women who enroll & complete them
- In 2023, create a clean economy workforce and economic development plan with trackable metrics
- Increase the number of clean technology businesses and the number of jobs they provide

Proposal Name	Lead Agency	FY24-25 Funding
Growing Clean Economy Apprenticeships	DLI	\$3 million
Energy Transition Grant Program	DEED	\$10 million
Pre-Weatherization & Workforce Training	Commerce	\$23.97 million
State Competitiveness Energy Fund	Commerce	\$113.75 million

DLI: Clean Economy Apprenticeships



- Prepare and train workers for clean economy occupations through registered apprenticeship
- \$3 million FY24 Workforce Development Fund
- Clean Economy Priority Action: Create workforce strategies that train, upskill, and reskill workers to adapt to changing technologies

DEED: Energy Transition Grant Program



- As power plants across Minnesota plan for closure, communities surrounding them face economic uncertainty
- \$10 million in new funding to support impacted areas by providing resources for these communities to diversify their economies and find new opportunities for quality jobs and economic growth

Commerce: Pre-Weatherization and Workforce Training



- Builds on existing weatherization assistance program by serving more homes and addressing areas limited by current funding source
- Also establishes a Weatherization Training Grant Program at the Department
- \$23.97 million in FY24-25 and \$690,000 ongoing starting FY2026 from the General Fund
- Aligns with support healthy lives and communities goal

Commerce: State Competitiveness Fund



- Provides critical state match for federal funds and staffing to provide technical assistance, and to provide grant-writing help for rural, Tribal and disadvantaged communities so Minnesota can compete for multiple energy-related competitive and formula federal grants
- \$113.75 million in FY24-25 from General Fund
- Would have impacts across all six goal areas

Visit mn.gov/framework to
learn more.

